



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0393	Title:	Revise salvage motor vehicle title law
Primary Sponsor:	Steinbeisser, Donald J	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$3,200	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$1,890)	(\$2,250)	(\$2,250)	(\$2,250)
State Special Revenue	(\$26,250)	(\$35,000)	(\$35,000)	(\$35,000)
Net Impact-General Fund Balance:	<u>(\$5,090)</u>	<u>(\$2,250)</u>	<u>(\$2,250)</u>	<u>(\$2,250)</u>

Description of fiscal impact:

Senate bill 393 lifts the age restriction for salvage certificates and requires the insurer to obtain a salvage certificate for any vehicle determined to be a salvage vehicle. This would more than double the volume of salvage certificates issued annually and have negative impact on revenues due to the change in the type of titling fees.

SB 393 is one of several bill drafts that seek to modify motor vehicle laws and therefore the motor vehicle licensing system (MERLIN). The fiscal note for each bill will be prepared based on the effect of the individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill will require additional analysis and may provide opportunities to share or redistribute costs.

FISCAL ANALYSIS

Assumptions:

1. It is assumed that there are approximately 7,000 vehicles five years old and older that an insurer would determine as salvage and are processed through the auto auctions annually.
2. Assuming a salvage certificate is issued for the each of the 7,000 vehicles described in assumption # 1, general fund revenue would increase \$35,000 annually for salvage certificate revenues [$\$5.00 \text{ fee} * 7000 \text{ vehicles} = \$35,000$]. Due to the effective date of this bill, the general fund would increase \$26,250 in FY 2010 [$\$35,000 * 0.75 \text{ year} = \$26,250$].
3. Due to the change in titling, there would be a loss of revenues for the \$10.00 or \$12.00 title fees (based on vehicle type) that are collected on title transactions based upon vehicle type. Of the \$10.00 title fee, \$5.00 is distributed to the general fund and \$5.00 is distributed to the state special revenue fund. Of the \$12.00 title fee, \$7.00 is distributed to the general fund and \$5.00 is distributed to the state special revenue fund.
4. It is assumed 82% of the 7,000 vehicles would pay the \$10.00 title fee, and 18% of the vehicles would pay \$12.00 title fee.
5. Therefore, it is estimated that the annual decrease in revenue for the general fund would be \$37,520 [$(7,000 \text{ vehicles} * 82\% * \$5.00 = \$28,700) + (7,000 \text{ vehicles} * 18\% * \$7.00 = \$8,820) = \$37,520$] and a decrease of \$35,000 in the state special revenue fund for motor vehicle information technology [$7,000 \text{ vehicles} * \$5.00 \text{ fee} = \$35,000$].
6. Due to the effective date of this bill, the decrease in revenue for FY 2010 would be \$28,140 to the general fund [$\$37,520 * 0.75 \text{ year} = \$28,140$] and \$26,250 to state special revenue.
7. To bring the MERLIN system into compliance with SB 393, a code change will be required.
8. Justice Information Technology Services Division would contract the system programming, configuration, and testing to the system contractor. It is estimated to take 20 hours for a total cost of approximately \$3,200.00.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
Department of Justice				
<u>Expenditures:</u>				
Operating Expenses	\$3,200	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$3,200	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$3,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	(\$1,890)	(\$2,250)	(\$2,250)	(\$2,250)
State Special Revenue (02)	<u>(\$26,250)</u>	<u>(\$35,000)</u>	<u>(\$35,000)</u>	<u>(\$35,000)</u>
TOTAL Revenues	<u>(\$28,140)</u>	<u>(\$37,250)</u>	<u>(\$37,250)</u>	<u>(\$37,250)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$5,090)	(\$2,250)	(\$2,250)	(\$2,250)
State Special Revenue (02)	(\$26,250)	(\$35,000)	(\$35,000)	(\$35,000)

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date